U.S. Department of Housing and Urban Development

Office of Housing

Development Application Processing System (DAP)

Privacy Impact Assessment

June 28, 2007

DOCUMENT ENDORSEMENT

I have carefully assessed the Privacy Impact Assessment (PIA) for the Development Application Processing System. This document has been completed in accordance with the requirement set forth by the E-Government Act of 2002 and OMB Memorandum 03-22 which requires that "Privacy Impact Assessments" (PIAs) be conducted for all new and/ or significantly altered IT Systems, and Information Collection Requests.

MANAGEMENT ENDORSEMENT

Please check the appropriate statement.

X The document is accepted.
_____ The document is accepted pending the changes noted.
_____ The document is not accepted.

/s/ Joe Sealey — **7/2/07**

SYSTEM MANGER, JOE A. SEALEY, OFFICE OF HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT — **Date**

Office of the Chief FinancialFinancial Officer
U.S. Department of Housing and Urban Development

/s/ Robert Iber — **6/28/07**

PROGRAM AREA MANAGER, ROBERT IBER, ACTING DIRECTOR, OFFICE OF MULTIFAMILY HOUSING DEVELOPMENT), U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT — **Date**

/s/ Patrick Howard — **7/30/07**

DEPARTMENTAL PRIVACY ACT OFFICER — **Date**
Office of the Chief Information Officer
U. S. Department of Housing and Urban Development

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVLEOPMENT
PRIVACY IMPACT ASSESSMENT (PIA) FOR:
"DEVELOPMENT APPLICATION PROCESSING SYSTEM (DAP/F24A)"

(OMB Unique Identifier 025-00-0102-6010-00-206-085 and PCAS # 00251800)

June 28, 2007

SECTION 1: BACKGROUND

Importance of Privacy Protection – Legislative Mandates:
HUD is responsible for ensuring the privacy and confidentiality of the information it collects on members of the public, beneficiaries of HUD programs, business partners, and its own employees. These people have a right to expect that HUD will collect, maintain, use, and disseminate identifiable personal information only as authorized by law and as necessary to carry out agency responsibilities.

The information HUD collects is protected by the following legislation and regulations:

- Privacy Act of 1974, as amended affords individuals the right to privacy in records that are maintained and used by Federal agencies. (See http://www.usdoj.gov/foia/privstat.htm; see also HUD Handbook1325.1 at www.hudclips.org);
- Computer Matching and Privacy Protection Act of 1988 is an amendment to the Privacy Act that specifies the conditions under which private information may (or may not) be shared among government agencies. (See http://www.usdoj.gov/foia/privstat.htm);
- Freedom of Information Act of 1966, as amended (http://www.usdoj.gov/oip/foia_updates/Vol_XVII_4/page2.htm) provides for the disclosure of information maintained by Federal agencies to the public, while allowing limited protections for privacy. See also HUD's Freedom of Information Act Handbook (HUD Handbook 1327.1 at www.hudclips.org);
- E-Government Act of 2002 requires Federal agencies to conduct Privacy Impact Assessments (PIAs) on its electronic systems. (See http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_public_laws&docid=f:publ347.107.pdf; see also the summary of the E-Government Act at http://www.whitehouse.gov/omb/egov/pres_state2.htm);
- Federal Information Security Management Act of 2002 (which superceded the Computer Security Act of 1987) provides a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations and assets, etc. See also the codified version of Information Security regulations at Title 44 U.S. Code chapter 35 subchapter II (http://uscode.house.gov/search/criteria.php); and

- OMB Circular A-130, Management of Federal Information Resources, Appendix I (http://www.whitehouse.gov/omb/circulars/a130/appendix_i.pdf) defines Federal Agency responsibilities for maintaining records about individuals.

Access to personally identifiable information will be restricted to those staff that has a need to access the data to carry out their duties; and they will be held accountable for ensuring privacy and confidentiality of the data.

What is the Privacy Impact Assessment (PIA) Process?
The Privacy Impact Assessment (PIA) is a process that evaluates issues related to the privacy of personally identifiable information in electronic systems. See background on PIAs and the 7 questions that need to be answered, at: http://www.hud.gov/offices/cio/privacy/pia/pia.cfm. Personally identifiable information is defined as information that actually identifies an individual, e.g., name, address, social security number (SSN), or identifying number or code; or other personal/ sensitive information such as race, marital status, financial information, home telephone number, personal e-mail address, etc. Of particular concern is the combination of multiple identifying elements. For example, knowing name + SSN + birth date + financial information would pose more risk to privacy than just name + SSN alone.

The PIA:
- Identifies the type of personally identifiable information in the system (including any ability to combine multiple identifying elements on an individual);
- Identifies who has access to that information (whether full access or limited access rights); and
- Describes the administrative controls that ensure that only information that is necessary and relevant to HUD's mission is included.

Who Completes the PIA?
Both the program area system owner and IT project leader work together to complete the PIA. The system owner describes what personal data types are collected, how the data is used, and who has access to the personal data. The IT project leader describes whether technical implementation of the system owner's requirements presents any risks to privacy, and what controls are in place to restrict access of personally identifiable information.

When is a Privacy Impact Assessment (PIA) Required?

1. New Systems: Any new system that will contain personal information on members of the public requires a PIA, per OMB requirements (this covers both major and non-major systems).

2. Existing Systems: Where there are significant modifications involving personal information on members of the public, or where significant changes been made to the system that may create a new privacy risk, a PIA is required.

3. Information Collection Requests, per the Paperwork Reduction Act (PRA): Agencies must obtain OMB approval for new information collections from ten or more

members of the public. If the information collection is both a new collection and automated, then a PIA is required.

What are the Privacy Act Requirements?

The Privacy Act of 1974, as amended (http://www.usdoj.gov/foia/privstat.htm) requires that agencies publish a Federal Register Notice for public comment on any intended information collection. Privacy Act Systems of Records are created when information pertaining to an individual is collected and maintained by the Department, and is retrieved by the name of the individual or by some other identifying number, symbol, or other identifying particular assigned to an individual. The E-Government Act of 2002 requires PIAs for electronic systems as well as information collection requests that are automated. So, there is a relationship between the new PIA requirement (when automation is involved) and the long-standing Privacy Act System of Records Notices (for both paper-based and automated records that are of a private nature). For additional information, contact the Departmental Privacy Act Officer in the Office of the Chief Information Officer.

Why is a PIA Summary Made Publicly Available?

The E-Government Act of 2002 requires that the analysis and determinations resulting from the PIA be made publicly available. The Privacy Advocate in HUD's Office of the Chief Information Officer (OCIO) is responsible for publishing the PIA summary on HUD's web site. See: http://www.hud.gov/offices/cio/privacy/pia/pia.cfm.

SECTION 2 – COMPLETING A PRIVACY IMPACT ASSESSMENT

Please submit answers to the Departmental Privacy Advocate in the Office of the Chief Information Officer (OCIO). If any question does not apply, state Not Applicable (N/A) for that question, and briefly explain why it is not applicable.

Program Area: Office of Housing
Subject matter expert in the program area: Joe A. Sealey, Director of the Technical Support Division, Office of Housing (202) 402-2559
Program area manager: Robert Iber, Acting Director, Office of Multifamily Housing Development, Office of Housing (202) 402-2421
IT Project Leader: Anna D. Perez, IT Specialist, Office of System Integration and Efficiency, Office of the Chief Information Officer, (202) 402-7464; Thich Du, IT Specialist, Office of Systems Integration and Efficiency, Office of the Chief Information Officer, (202) 402-2114

For IT Systems:

- **Name of system:** Development Application Processing System (DAP/F24A)
- **PCAS #:** 00251800
- **OMB Unique Project Identifier #:** 025-00-01-02-01-1060-00-206-085

For Information Collection Requests:

- **Name of Information Collection Request:**
- **OMB Control #:**

Question 1: Provide a brief description of what personal information is collected.

FHA/project number Capital Advance Amount and PRAC amount, Phase (Pre-Application, SAMA/Feasibility, Conditional or Firm) of the project, all relevant physical characteristics of the project including dwelling type, and other structure dimensions, site dimensions, unit compositions, unit and project amenities and project services. For nursing homes (232), beds per unit are considered, costs associated with acquiring the property, rehabilitating existing structures, and/or building new structures, Cost Comparable data to determine the Market Value or Replacement Cost for the project, participant data to facilitate the credit investigation, measure and evaluate the financial performance of all applicants, determine the maximum insurable mortgage and prepare an underwriting recommendation.

A Lender (approved to do multifamily business with HUD) submits the Application for Multifamily Housing Project (HUD-92013) and other required HUD forms, drawing and narratives (Lender's submission package) to the HUD field office. The field office Tracking Representative enters all relevant project information into the Tracking sub-system. After creating a new project in DAP, the system will generate the FHA/project number. This number is used to track the project through its life cycle. For project under the 202 or 811 program, the Tracking Representative calculates the Capital Advance Amount and PRAC amount, scores the project, generates the notification letter and congressional reports. For project under the 220, 221d3, 221d4 or 223f program, the Tracking Representative creates discipline assignments for

the applicable discipline (A&E, Cost, Valuation and Mortgage) based on the phase (Pre-Application, SAMA/Feasibility, Conditional or Firm) of the project.

For other program types, the A&E, Cost, Valuation and Mortgage Credit Analysts will perform their analysis of the project feasibility outside of the DAP system. The A&E Analyst enters into the A&E subsystem all relevant physical characteristics of the project including dwelling and other structure dimensions, site dimensions, unit compositions, unit and project amenities and project services.

The Cost Analyst enters into the Cost subsystem relevant cost information based on the physical characteristics of the project as entered by the A&E analyst. In addition, the Cost Analyst enters costs associated with acquiring the property, rehabilitating existing structures, and/or building new structures. The Appraiser, within the Valuation subsystem, compares information entered by the A&E and Cost analysts to other comparable properties to determine the Market Value or Replacement Cost for the project. The Mortgage Credit examiner uses the Mortgage Credit subsystem to facilitate the credit investigation, measure and evaluate the financial performance of all applicants, determine the maximum insurable mortgage and prepare an underwriting recommendation.

If any of the discipline Analysts discovers missing, incorrect or incomplete data in the Lender submission package, the Analysis requests a revised copy of the submission package. The Analyst will enter the new/revised information into their subsystem and notify the other Analyst of the change.

If the Application is not approved, the Lender will be notified. The Tracking Representative will set the project status to a Rejection Status. If the Application is approved, the Lender will be notified that the Application has been approved. The Tracking Representative will set the project status to the applicable project status code based on the phase of the project. For the phase of "Firm", a Commitment package will be created and sent to the Lender. The Tracking Representative will set the project status as the loan goes through initial and final endorsement or initial/final endorsement.

If this automated system (or Information Collection Request) involves personally identifiable information on members of the public, then mark any of the categories that apply below:

Personal Identifiers:

X	Name The project sponsor's name is collected
X	Social Security Number (SSN): Employee Identification Number (EIN) or SSN is mandatory for Sponsor mortgagor, borrow and owner
X	Identification number (specify type): Project # and Account #
	Birth date
	Home address
	Home telephone
	Personal e-mail address
	Fingerprint/ other "biometric"
X	Other (specify): Project Name and Unit Address
	None

X	Comment: HUD form 92013-Supp collects personal information at the project-level from business partners and contractors for the purpose of obtaining mortgage insurance for HUD Multifamily Housing Projects.

Personal/ Sensitive Information:

	Race/ ethnicity
	Gender/ sex
	Marital status
	Spouse name
	# of children
	Income/ financial data (specify type of data, such as salary, Federal taxes paid, bank account number, etc.):
	Employment history:
	Education level
	Medical history/ information
	Disability
	Criminal record
	Other (specify):
X	None
	Comment:

Question 2: Type of electronic system or information collection.

Fill out Section A, B, or C as applicable.

A. If a new electronic system (or one in development): Is this a new electronic system (implemented after April 2003, the effective date of the E-Government Act of 2002)?

	Yes
X	No
	Comment:

B. If an existing electronic system: Mark any of the following conditions for your existing system that OMB defines as a "trigger" for requiring a PIA (if not applicable, mark N/A):

N/A	**Conversion:** When paper-based records that contain personal information are converted to an electronic system
N/A	**From Anonymous (Non-Identifiable) to "Non-Anonymous" (Personally Identifiable):** When any systems application transforms an existing database or data collection so that previously anonymous data becomes personally identifiable
N/A	**Significant System Management Changes:** When new uses of an existing electronic system significantly change how personal information is managed in the system. (Example #1: when new "relational" databases could combine multiple identifying data elements to more easily identify an individual. Example #2: when a web portal extracts data elements from separate databases, and thereby creates a more open environment for exposure of personal data)

N/A	**Merging Databases:** When government databases are merged, centralized, matched, or otherwise significantly manipulated so that personal information becomes more accessible (with special concern for the ability to combine multiple identifying elements)
N/A	**New Public Access:** When new public access is given to members of the public or to business partners (even if the system is protected by password, digital certificate, or other user-authentication technology)
N/A	**Commercial Sources:** When agencies systematically incorporate into databases any personal data from commercial or public sources (ad hoc queries of such sources using existing technology does not trigger the need for a PIA)
N/A	**New Inter-agency Uses:** When agencies work together (such as the federal E-Gov initiatives), the lead agency should prepare the PIA
N/A	**Business Process Re-engineering:** When altering a business process results in significant new uses, disclosures, or additions of personal data
N/A	**Alteration in Character of Data:** When adding new personal data raises the risks to personal privacy (for example, adding financial information to an existing database that contains name and address)

C. If an Information Collection Request (ICR): Is this a new Request that will collect data that will be in an automated system? Agencies must obtain OMB approval for information collections from 10 or more members of the public. The E-Government Act of 2002 requires a PIA for ICRs only if the collection of information is a new request and the collected data will be in an automated system.

	Yes, this is a new ICR and the data will be automated
X	No, the ICR does not require a PIA because it is not new or automated)
	Comment:

Question 3: Why is the personally identifiable information being collected? How will it be used?

Mark any that apply:

Homeownership:

X	Credit checks (eligibility for loans)
X	Loan applications and case-binder files (via lenders) – including borrower SSNs, salary, employment, race, and other information
	Loan servicing (MIP collections/refunds and debt servicing for defaulted loans assigned to HUD)
	Loan default tracking
X	Issuing mortgage and loan insurance
	Other (specify):

Rental Housing Assistance:

	Eligibility for rental assistance or other HUD program benefits
	Characteristics on those receiving rental assistance (for example, race/ethnicity, # of children, age)
	Property inspections
	Other (specify):
	Comment:

Grants:

	Grant application scoring and selection – if any personal information on the grantee is included
	Disbursement of funds to grantees – if any personal information is included
	Other (specify):
	Comment:

Fair Housing:

	Housing discrimination complaints and resulting case files
	Other (specify):
	Comment:

Internal operations:

	Employee payroll or personnel records
	Payment for employee travel expenses
	Payment for services or products (to contractors) – if any personal information on the payee is included
	Computer security files – with personal information in the database, collected in order to grant user IDs
	Other (specify):
	Comment:

Other lines of business (specify uses):

X	The DAP system is used to determine maximum insurable mortgage, an establish reasonability and accuracy of fees/ cost.

Question 4: Will you share the information with others (e.g., another agency for a programmatic purpose, or outside the government)?

Mark any that apply:

	Federal agencies? (specify):
	State, local, or tribal governments?
	Public Housing Agencies (PHAs) or Section 8 property owners/agents?
	FHA-approved lenders?
	Credit bureaus?

	Local and national organizations?
	Non-profits?
	Faith-based organizations?
	Builders/ developers?
	Others? (specify):
X	Comment: Information will be shared only with approved HUD Headquarters and field office.

Question 5: Can individuals "opt-out" by declining to provide personal information or by consenting only to particular use (e.g., allowing their financial information to be used for basic rent eligibility determination, but for not for sharing with other government agencies)?

	Yes, they can "opt-out" by declining to provide private information or by consenting only to particular use
X	No, they can't "opt-out" – all personal information is required
	Comment:

If Yes, please explain the issues and circumstances of being able to opt-out (either for specific data elements or specific uses of the data): _____
_____

Question 6: How will the privacy of the information be protected/ secured? What are the administrative and technological controls?

Mark any that apply and give details if requested:

X	System users must log-in with a password: See comment below
X	When an employee leaves: • How soon is the user ID terminated (1 day, 1 week, 1 month, unknown)? Access is deleted from the main HUD Servers via the HUD separation form and upon notification by Supervisor, access is deleted/de-activated from DAP. **Access to the server happens immediately** upon termination from the government. Once access is denied to the servers, these users no longer have access to any internal HUD system. DAP is an internal HUD system. **Deletion from the DAP system usually happens within one week** of departing the government or upon notification by Supervisor. Also, we are implementing automated reports that generate lists of inactive users to compare for terminated employees in case notification was not received. The tentative installation date is 10/07. • How do you know that the former employee no longer has access to your system? (explain your procedures or describe your plan to improve): Notication is received from the former employees supervisor. Once removed

	by Security Administrator, access is denied from system. DAP is implementing a new procedure that will automatically delete inactive users after 60 days. Estimated implementation of the automatic delete process and reports is 10/07.
X	Are access rights selectively granted, depending on duties and need-to-know? If Yes, specify the approximate # of authorized users who have either: • Full access rights to all data in the system (specify #) Approximately 5 users have access to all the data in the DAP system. • Limited/restricted access rights to only selected data (specify #)? This applies to all DAP users. Supervisors notify Security Administrators of level of access new user requires with justification. Only Mortgage Credit Analysts can view this information online. There are approximately 50 Mortgage Credit Analysts in the DAP system. Currently there is no report available to tell how many users have specific types of access. This will be implemented in the near future.
X	Are disks, tapes, and printouts that contain personal information locked in cabinets when not in use? (explain your procedures, or describe your plan to improve): Electronic files are stored on disc and back up files are stored on tape. All manual files are locked in cabinets when not in use. Computerized files/records are retained for 6 weeks. Obsolete records are destroyed after 3 years. Manual files/records are sent to storage upon project receiving final endorsement to the storage facility in Tulsa, OK.
X	If data from your system is shared with another system or data warehouse, who is responsible for protecting the privacy of data that came from your system but now resides in another? Explain the existing privacy protections, or your plans to improve: Personal data is not shared with other HUD systems
	Other methods of protecting privacy (specify): •
X	Comment: DAP employs password security controls that enforce use of six to eight characters. Plus, the password must include at least one numeric and one Capital letter value in the mix. In addition, the user can use the same password only once in six attempts to change the password. If a password has been compromised the user must contact the Help Desk or System Security Administrator to notify of the incident and request a new password.

Question 7: If <u>privacy</u> information is involved, by what data elements is it retrieved?
Mark any that apply:

	Name:
	Social Security Number (SSN)
X	Identification number (specify type): Project #, or project status
	Birth date
	Race/ ethnicity
	Marital status
	Spouse name
	Home address

	Home telephone
	Personal e-mail address
	Other (specify):
	None
X	Comment: Information can only be retrieved via the project number or the project status. Access to specific personal information is only viewable/ provided to users with rights to the Mortgage Credit discipline area in the system. This information is not available in any report form.

Other Comments (or details on any Question above):

SECTION 3: DETERMINATION BY HUD PRIVACY ADVOCATE

The DAP System provides the Office of Multifamily Housing the ability to administer multifamily housing programs through the underwriting and construction monitoring of both the FHA insurance programs and section 202 (housing for elderly households) and 811 programs (housing for the disabled). The system collects project-level information for the purpose of obtaining mortgage insurance for Multifamily projects. DAP collects the Social Security Number (SSN) of the Sponsor receiving the multifamily loan. While the loan is not a personal loan, the SSN is uniquely identifiable with the Sponsor.

In reviewing the response to Question 6 above, we see that DAP uses “strong password” methods which determines that there are adequate controls in place to protect the privacy of the Sponsor’s personal identifiable information.